

All other eligible applicants may request OL funds for any of the following purposes:

(a) Payment of costs associated with reorganizing a farm or ranch to improve its profitability.

(b) Purchase of livestock, including poultry, and farm or ranch equipment, including quotas and bases, and cooperative stock for credit, production, processing or marketing purposes.

(c) Payment of annual operating expenses, examples of which include, but are not exclusively limited to feed, seed, fertilizer, pesticides, farm or ranch supplies, cooperative stock, and cash rent.

(d) Payment of costs associated with land and water development for conservation or use purposes.

(e) Payment of loan closing costs.

(f) Payment of costs associated with complying with Federal or State-approved standards under the Occupational Safety and Health Act of 1970 (29 U.S.C. 655 and 667). This purpose is limited to applicants who demonstrate that compliance with the standards will cause them substantial economic injury.

(g) Payment of training costs required or recommended by the Agency.

(h) Payment of farm, ranch, or home needs, including family subsistence. A portion of the loan is available to the borrower for use outside of a supervised bank account. This portion is the lesser of:

(1) 10 percent of the OL loan;

(2) \$5,000; or

(3) The amount needed to meet the subsistence needs of the family for a 3-month period.

(i) Refinancing debts if the applicant has had direct or guaranteed OL loans refinanced (refinanced does not mean restructured) 4 times or less and one of the following conditions is met:

(1) The need for refinancing was caused by a qualifying disaster declared by the President or designated by the Secretary; or

(2) The debts to be refinanced are owed to a non-USDA creditor.

[62 FR 9354, Mar. 3, 1997; 62 FR 28618, May 27, 1997, as amended 66 FR 1573, Jan. 9, 2001]

§ 1941.17 Loan limitations.

An OL loan will not be approved:

(a) If the total outstanding insured OL principal balance, including the new loan, owed by the applicant will exceed \$200,000 at loan closing.

(b) If the total outstanding youth loan principal balance will exceed \$5,000 at loan closing.

(c) For the purchase of real estate, making principal payments on real estate, or refinancing of any debts incurred for the purchase of real estate.

(d) For any purpose that will contribute to excessive erosion of highly erodible land or to convert wetlands to produce an agricultural commodity as further explained in exhibit M of subpart G of part 1940 of this chapter. Refer to subpart LL of part 2000 of this chapter, "Memorandum of Understanding Between FmHA or its successor agency under Public Law 103-354 and the U.S. Fish and Wildlife Service," for assistance in implementation.

(e) If the purpose of the loan is to finance a nonfarm enterprise.

[53 FR 35684, Sept. 14, 1988, as amended at 58 FR 48286, Sept. 15, 1993; 62 FR 9354, Mar. 3, 1997; 68 FR 62224, Nov. 3, 2003]

§ 1941.18 Rates and terms.

(a) *Rates.* Upon request of the applicant, the interest rate charged by the Agency or its successor agency under Public Law 103-354 will be the lower of the interest rates in effect at the time of loan approval or loan closing. If an applicant does not indicate a choice, the loan will be closed at the interest rate in effect at the time of loan approval. Interest rates are specified in exhibit B of the Agency Instruction 440.1 (available in the Agency or its successor agency under Public Law 103-354 office) for the type of assistance involved. A lower rate may be established for a limited resource applicant subject to the following:

(1) An applicant will receive the lower rate provided:

(i) The applicant meets the conditions of the definition for a limited resource applicant set forth in § 1941.4 of this subpart.

(ii) The Farm and Home Plan and/or Nonagricultural Enterprise Analysis, when appropriate, indicates that installments at the higher rate, along with other debts, cannot be paid during the period of the plan.